Greater Lafourche Port Commission

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The Gulf's Energy Connection

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Financial Reports

December 31, 2011

Lanaux & Felger

A Corporation of
Certified Public Accountants
Houma, Louisiana

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

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(Part I)

Greater Lafourche Port Commission
Galliano, Louisiana

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INTRODUCTION

This introductory section of the Greater Lafourche Port Commission's (GLPC's) annual financial report presents a narrative overview and analysis of the GLPC's financial performance for the fiscal year ended December 31, 2011, with comparative information for the fiscal year ended December 31, 2010. The discussion is intended to assist the readers in focusing on the significant financial issues and activities of the GLPC and to identify any significant changes in financial position. We encourage readers to consider the information contained in this discussion in conjunction with the GLPC's audited financial statements and associated notes to the financial statements.

FINANCIAL HIGHLIGHTS

- **Assets** exceeded **Liabilities** at the close of the fiscal year by $183 million, which are reported as **Net Assets**. This is a 13.2% increase over 2010 figures.
- In response to the Deep Water Horizon/BP oil spill and subsequent government-enacted drilling moratorium, a 30% reduction in basic rent to all seaport tenants was provided for the second half of 2010 and again provided over the first six months of 2011. **Operating Revenues** grew by 4.1% over 2010 to $18.5 million and are again the highest in the port's history.
- **Operating Profits** decreased from 2010 figures by almost $1 million, and the **Operating Profit Margin** fell from 24% to 18%. **Net Income Before Capital Grants, Special Items, & Extraordinary Items** was $6.1 million equating to a margin of 33% as compared to $9.2 million and a 2010 margin of 52%. This decrease is primarily due to the decrease in operating profits noted above and $1.4 million of Hurricane Katrina mitigation project costs recognized in 2011.
- **Capital Grants** for the year were $15.2 million. **Grants for Emergency Repairs** were slightly less than $1.1 million. **Grants for Operating & Maintenance Projects** were just above $109,000.

EXPLANATION OF THE FINANCIAL STATEMENTS

This discussion is to introduce the GLPC's financial statements. Since the GLPC charges general public customers for the services it provides, its activities are required to be reported as a proprietary fund and specifically in an enterprise fund format. Enterprise funds utilize accrual accounting, which is the same method used by private sector businesses. Accrual accounting means that financial activities are reported as soon as the underlying events take place regardless of the timing of related cash flows. The basic financial statements also include notes essential to a full understanding of the statements.

The "Statement of Net Assets" presents information on all of the GLPC's assets and liabilities, with the difference reported as net assets. The "Statement of Activities" shows how the GLPC's net assets changed during the fiscal year. The "Statement of Cash Flows" represents cash and cash equivalent activity for the fiscal year resulting from operating, financing, and investing activities.

Taken together, these three financial statements demonstrate how the GLPC's net assets have changed. Net assets are one way of assessing the GLPC's current financial condition. Increases or decreases in net assets are good indicators of whether the GLPC's financial health is improving or deteriorating over time.

FINANCIAL STATEMENTS

Statement of Net Assets	2011	2010	Dollar Change	Percentage Change
Assets:				
Current Assets	$ 53,897,231	$ 49,827,825	$ 4,069,406	8.2%
Capital Assets, Net	152,084,408	136,033,448	16,050,960	11.8%
Total Assets	205,981,639	185,861,273	20,120,366	10.8%
Liabilities:				
Current Liabilities	20,625,514	22,576,928	(1,951,414)	-8.6%
Long Term Liabilities	2,206,289	1,542,575	663,714	43.0%
Total Liabilities	22,831,803	24,119,503	(1,287,700)	-5.3%
Net Assets:				
Invested in Capital Assets (Net of Related Debt)	152,084,408	136,033,448	16,050,960	11.8%
Unrestricted	31,065,428	25,708,322	5,357,106	20.8%
Total Net Assets	$ 183,149,836	$ 161,741,770	$ 21,408,066	13.2%

The GLPC's current ratio is 2.6, which means that it has well over double the amount of current resources available to meet its obligations coming due within the next fiscal year. A current ratio above 1.0 is a sign of good financial viability.

Of the $20.6 million of current liabilities, $18.9 million or 91% are actually revenues paid in advance from port lessees that have not yet been earned according to the accrual method of accounting. These liabilities are not owed or refundable upon termination/default of lessees.

GASB 45 requirement to reflect Other Post Employment Benefits began to be booked in 2009. Actuarial approved figures were obtained from the Mercer group through the State of Louisiana Office of Group Benefits. The 12/31/11 liability is slightly over $2 million.

The largest component of the GLPC's net assets ($152 million or 83% of $183 million) reflects its investment in capital assets (e.g. land, buildings, improvements, equipment, and construction-in-progress), less any related debt outstanding that was needed to acquire or construct the assets. The remaining $31 million or about 17% are unrestricted net assets and may be used at the GLPC's discretion in accordance with its enabling legislation.

Statement of Activities	2011	2010	Dollar Change	Percentage Change
Operating Revenues:				
Leases	$ 17,959,431	$ 17,218,194	$ 741,237	4.3%
Other	491,916	508,178	(16,262)	-3.2%
Total Operating Revenues	18,451,347	17,726,372	724,975	4.1%
Operating Expenses:				
Personnel Services	4,230,679	4,369,090	(138,411)	-3.2%
Maintenance, Supplies, & Operation of Facilities	1,949,290	1,246,169	703,121	56.4%
Lease Expense - Port Fourchon	2,774,364	2,701,931	72,433	2.7%
Other Operating Expenses	1,122,310	926,186	196,124	21.2%
Depreciation	5,105,622	4,224,186	881,436	20.9%
Total Operating Expense	15,182,265	13,467,562	1,714,703	12.7%
Operating Profit/(Loss)	3,269,082	4,258,810	(989,728)	-23.2%
Non-Operating Inc/(Exp):				
Ad Valorem Taxes (Net of Tax Assessor's Settlement & Pension Fund)	2,932,950	2,975,637	(42,687)	-1.4%
Intergovernmental Revenue:				
State Revenue Sharing	36,094	35,651	443	1.2%
Non-Capital Grants	1,199,350	1,679,148	(479,798)	-28.6%
Interest Earned	156,009	195,161	(39,152)	-20.1%
Hurricane Damage Repairs	(1,467,696)	(60,241)	(1,407,455)	2336.4%
Gain/(Loss) on Disposal of Fixed Assets	(55,975)	132,362	(188,337)	-142.3%
Other Miscellaneous Inc/(Exp)	1,175	(20)	1,195	0.0%
Net Non-Operating Inc/(Exp)	2,801,907	4,957,698	(2,155,791)	-43.5%
Net Income before Capital Grants, Special, & Extraordinary Items	6,070,989	9,216,508	(3,145,520)	-34.1%
Capital Grants	15,215,523	6,076,615	9,138,908	150.4%
Special Items	(6,090)	(50,000)	43,910	-87.8%
Extraordinary Items	127,644	344,323	(216,679)	-62.9%
Change in Net Assets	21,408,066	15,587,446	5,820,619	37.3%
Net Assets-Beginning of Year	161,741,770	146,154,324	15,587,446	10.7%
Net Assets-End of Year	$183,149,836	$161,741,770	$ 21,408,065	13.2%

Operating revenues from leases are the GLPC's primary means of funding its ongoing operations. Lease revenues are generated from land and improvements either owned directly by the GLPC or leased to the GLPC by third party landowners. Lease revenue growth was a true 4%. This is because, in reaction to the Deep Water Horizon/BP oil spill and associated government drilling moratorium, the commission decided to reduce basic rental rates to all seaport tenants by 30% for the period of six months (7/1/10 to

12/31/10) along with freezing escalations on basic rental rates for one year equaling a total reduction of operating revenue of $1,571,485 in 2010. In 2011 the commission continued the same rate reduction program for six months from 1/1/11 to 6/30/11 totaling a very similar voluntary revenue reduction of $1,559,999. Operating expenses are costs borne by the GLPC in providing to the public operations and maintenance of port properties along with providing harbor police security and general administration services. In 2010, the Port entered into an intergovernmental agreement with the South Lafourche Levee District to assist in the operating costs of the new Leon Theriot Locking system in the amount of $200,000 per year for five years. 2011 operating profit of $3.3 million constitutes an 18 % operating profit margin. The 30% reduction in basic rental revenues of $1,559,999 also reduced the landowner's share of revenue from the Port by $296,103. This is reflected as a savings in operating lease expense by the Port. Therefore, the net loss to the Port of the commission's rental reduction action was $1,263,896. One component of the overall $1 million decrease in 2011 operating profits was due to a change in the way depreciation expense is calculated. A full year of depreciation expense is now taken in the year of acquisition with zero expense taken in the year of disposal as compared to a past actual date of acquisition/disposal calculation. In 2011 over $21.7 million of assets were capitalized generating a full year of depreciation expense.

Non-operating income and expenses are items that are not derived from standard port operations such as the collection of ad valorem (property) taxes, financing & investment activities, and emergency repairs such as damages caused by hurricanes. One mitigation project of just under $1.5 million from Hurricane Katrina was recognized in 2011 with almost $1.1 million in associated grants for previous storm expenditures were approved through FEMA Project Worksheets.

Special Items are significant costs of non-operational projects ***within*** management's control but are either unusual in nature or infrequent in occurrence. In 2011, net expenditures of around $6,000 were attributed to a Cloverly Road maintenance project.

Extraordinary Items are significant costs & reimbursements ***outside*** of management's control and are either unusual in nature or infrequent in occurrence. In 2011 outlay on one minor lawsuit totaled just over $5,200. Roughly $133,500 was recognized as net reimbursements for port resources expended on the Deep Water Horizon/BP oil spill incident. The primary costs for these reimbursements were payroll related overtime conducted by the port's harbor police department and are reflected in the 'Operating Expenses - Personnel Services' section of the Statement of Activities.

The bottom line 2011 Change in Net Assets is a positive $21,408,066 as compared to 2010's $15,587,446.

NOTES TO THE FINANCIAL STATEMENTS

Capital Assets, Net	2011	2010	Dollar Change	Percentage Change
Land	$ 3,833,752	$ 3,833,752	$ -	0.0%
Buildings	6,475,900	4,279,037	2,196,863	51.3%
Improvements	129,851,438	115,484,658	14,366,780	12.4%
Equipment	3,464,970	3,536,934	(71,964)	-2.0%
Subtotal	143,626,060	127,134,381	16,491,679	13.0%
Construction in Progress	8,458,348	8,899,067	(440,719)	-5.0%
Total	$ 152,084,408	$ 136,033,448	$ 16,050,960	11.8%

Total additions to the Port's fixed capital assets were $21,715,936. $168,315 of these additions were costs not accounted for through the Construction in Progress system. $21,547,621 of project costs were completed and closed out of Construction in Progress during 2011 and capitalized. Some of the major projects, comprising 94% of the total, are described below.

• Northern Expansion Phase V 1,871' Steel Bulkhead	$ 11,107,543
• Northern Expansion Phase IV 1,100' & Flotation Dredging	4,681,755
• Homeland Security 400' Tower & Communications	2,902,975
• Northern Expansion Slip C Bucket Dredge	995,910
• Airport GA Taxi Lane Connector	549,927
Total of 94%	$20,238,110

Ninety-six percent of the $8,458,348 of Construction in Progress is listed below:

• Martin Terminal Slip#1 Repairs	$3,202,395
• Adam 'Ted' Gisclair Roadway	1,629,064
• Northern Expansion mitigation, development, & MFR	1,229,811
• 2008 Homeland Security – Risk Management	1,092,863
• Airport Taxiway South Paving	833,269
• Northern Expansion Phase V 1,871 ft Dredging	173,380
Total of 96%	$8,160,782

The GLPC has no bond debt.

Budgetary Highlights

2011 Budget
The original 2011 budgetary figures were amended on August 10, 2011 to reflect a reduction of net income by $1,263,896 for the effects of the commission's decision to grant a 30% basic rental reduction for the first six months of the year to the seaport tenants after the Deep Water Horizon/BP oil spill and subsequent government enacted drilling moratorium.

2012 Budget
Operating Revenues are expected to increase by $4.3 million or 23%. Part of the increase can be attributed to the elimination of the 30% basic rental reduction and freeze on escalations to seaport tenants for the BP/moratorium incident. Additionally, the port anticipates increased revenues of approximately $1.2 million from new leases. Budgeted increases to Operating Expenses over 2011 actual are expected to increase by a little over $1.5 or 10%. One third of the increase can be attributed to increased Landowner obligations post BP/moratorium reductions and lease growth.

Capital construction budget dollars of $48.3 million are expected to produce 1,800 feet of new operational bulkhead in Slip C, 1,871 feet of sweep dredge associated with already capitalized bulkhead in Slip B, and 4,000 feet of hydraulic dredging of SLIP-C in the Northern Expansion area. Asphalt on Adam Ted Gisclair road along with elevation and drainage improvements to Nolty J. Theriot road are budgeted but pending the award of state capital outlay funds. Also included is the construction of the South Lafourche Storm Harbor Marina and improvements to the Nerby Collins Marina bulkhead system. Nine new mooring dolphins, site improvements for Harvey Gulf, and repairs to Martin Terminal Bulkhead are budgeted. Airport projects include two large and two small T-Hangers and FBO Terminal Building expansion. Port Security projects include a multiagency emergency response building along with maritime domain awareness, command control communications, and TWIC implementation projects. To assist in these capital construction projects, $34.2 million is expected in grant funding from outside sources.

Cash is projected to decrease from $44.9 million to $39.5 million at the end of 2012 primarily due to GLPC's self-funded capital growth. This is a conscious strategic investment toward future years' revenue generation.

REQUESTS FOR INFORMATION

This financial report is designed to provide our taxpayers, tenants, and creditors with a general overview of the GLPC's finances and to demonstrate accountability to each of these groups. Questions concerning any information included in this report should be addressed to Director of Finance, Greater Lafourche Port Commission, P.O. Box 490, Galliano, LA 70354.

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Greater Lafourche Port Commission
Galliano, Louisiana

We have audited the accompanying financial statements of the Greater Lafourche Port Commission, as of and for the years ended December 31, 2011 and 2010, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Greater Lafourche Port Commission as of December 31, 2011 and 2010 and the results of its operations for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2012 on our consideration of the Greater Lafourche Port Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope or out testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and analysis of funding progress on pages iii through viii and 22 and 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standard generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion of provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Greater Lafourche Port Commission's basic financial statements. The Schedule of Per Diems Paid Board Members on page 24 is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Greater Lafourche Port Commission. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. This information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

June 18, 2012

Lanaux & Felger

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA
STATEMENTS OF NET ASSETS
ENTERPRISE FUND
December 31, 2011 and 2010

	2011	2010
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 44,023,647	$ 41,039,782
Investments, at market value	2,900,000	1,000,000
Receivables:		
Grants receivable from other government units	2,835,068	3,287,564
Ad valorem taxes	2,678,042	3,003,712
Lease rentals	43,449	69,203
State revenue sharing	36,094	23,767
Accrued interest	9,445	2,636
Other	112,836	119,950
Prepaid lease expense	250,157	229,148
Prepaid insurance	200,768	226,955
Prepaid materials	807,390	825,000
Other prepaid accounts	335	108
Total current assets	53,897,231	49,827,825
FIXED ASSETS		
Property, plant, and equipment	190,781,063	169,744,513
Less accumulated depreciation	(38,696,655)	(33,711,065)
Fixed asset, net	152,084,408	136,033,448
Total assets	205,981,639	185,861,273

See notes to financial statements.

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA
STATEMENTS OF NET ASSETS, CONTINUED
ENTERPRISE FUND
December 31, 2011 and 2010

	2011	2010
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	$ 1,718,766	$ 4,821,275
Deferred revenue:		
Advance payment of leases	18,844,251	17,679,849
Deferred grant revenues	19,064	35,314
Other current liabilities	43,433	40,490
Total current liabilities	20,625,514	22,576,928
LONG-TERM LIABILITIES		
Accrued compensated absences	175,805	185,725
Other post-employment benefits	2,030,484	1,356,850
Total long-term liabilities	2,206,289	1,542,575
Total liabilities	22,831,803	24,119,503
NET ASSETS		
Invested in capital assets, net of related debt	152,084,408	136,033,448
Unrestricted	31,065,428	25,708,322
Total net assets	$ 183,149,836	$ 161,741,770

See notes to financial statements.

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA
STATEMENTS OF ACTIVITIES
ENTERPRISE FUND
Years Ended December 31, 2011 and 2010

	2011	2010
Operating revenues:		
Lease rental	$ 17,959,431	$ 17,218,194
Other user fees	486,117	503,253
Other	5,799	4,925
Total operating revenue	18,451,347	17,726,372
Operating expenses:		
Personnel services	4,230,679	4,369,090
Maintenance, supplies, and operation of facilities	1,949,290	1,246,169
Lease expense - Port Fourchon	2,774,364	2,701,931
Other operating expense	1,122,310	926,186
Depreciation and amortization	5,105,622	4,224,186
Total operating expenses	15,182,265	13,467,562
Operating income (loss)	3,269,082	4,258,810
Nonoperating revenues (expenses):		
Ad valorem taxes (net of tax assessor's settlement and pension fund)	2,932,950	2,975,637
Intergovernmental revenue:		
State revenue sharing	36,094	35,651
Noncapital grants	1,199,350	1,679,148
Investment income	156,009	195,161
Hurricane damage repairs	(1,467,696)	(60,241)
Gain (loss) on disposal of fixed assets	(55,975)	132,362
Other income (loss)	1,175	(20)
Net nonoperating revenues	2,801,907	4,957,698
Change in net assets before capital contributions, special items and extraordinary items	6,070,989	9,216,508
Capital contributions	15,215,523	6,076,615
Special items	(6,090)	(50,000)
Extraordinary items	127,644	344,323
Change in net assets	21,408,066	15,587,446
Net assets, beginning of year	161,741,770	146,154,324
Net assets, end of year	$ 183,149,836	$ 161,741,770

See notes to financial statements.

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA
STATEMENTS OF CASH FLOWS - ENTERPRISE FUND

Years Ended December 31, 2011 and 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from operations	$ 19,636,144	$ 18,187,310
Cash paid to employees	(4,230,679)	(4,369,090)
Payments for goods and services	(5,314,596)	(4,894,792)
Net Cash Flows from Operating Activities	10,090,869	8,923,428
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Tax receipts collected by other governments	3,258,621	2,575,441
Operating grants received from other governments	1,699,230	2,764,734
Payments for hurricane damage repair	(1,467,696)	(60,240)
Net Cash Flows from Noncapital Financing Activities	3,490,155	5,279,935
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital grants collected	15,320,723	7,097,576
Payments for capital acquisitions	(24,197,832)	(10,311,071)
Special items	(6,090)	(50,000)
Net Cash Flows from Capital and Related Financing Activities	(8,883,199)	(3,263,495)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	36,840	246,431
Proceeds from sale and maturities of investments	1,000,000	1,011,000
Purchases of investments	(2,900,000)	(1,000,000)
Receipts of interest	149,200	196,864
Net Cash Flows from Investing Activities	(1,713,960)	454,295
Net Change in Cash	2,983,865	11,394,163
Cash and cash equivalents, beginning of year	41,039,782	29,645,619
Cash and cash equivalents, end of year	$ 44,023,647	$ 41,039,782
Reconciliation of Operating Income to Net Cash Flows from Operating Activities		
Operating income (loss)	$ 3,269,082	$ 4,258,810
Add depreciation expense	5,105,622	4,224,186
(Increase)/Decrease in Current Assets:		
Rent receivables	25,754	(2,239)
Prepaid expenses	4,951	(9,656)
Prepaid materials	17,610	-
Miscellaneous receivables	7,114	(48,485)
Increase/(Decrease) in Current Liabilities:		
Operating accounts payable and accrued expenses	512,584	(20,506)
Advance payment of leases	1,148,152	521,318
Net Cash Flows from Operating Activities	$ 10,090,869	$ 8,923,428

See notes to financial statements.

Notes to Financial Statements

1) Summary of Significant Accounting Policies

The financial statements of the Greater Lafourche Port Commission (Commission) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Commission's more significant accounting policies are described below.

a) Reporting Entity. The Greater Lafourche Port Commission (Commission) was created under Louisiana Revised Statute 34:1651 with a nine member board elected for a term of six (6) years. The Commission has been empowered to regulate the commerce and traffic within the port area; to promote commerce within the area through the construction, acquisition and maintenance of wharves, docks, sheds, landings and waterways; to provide police protection and services for its facilities; and to lease its facilities to all types of commercial transportation, storage, and shipping industries. The Commission also sponsors the Leonard Miller Jr. Airport in Galliano. Through this sponsorship, the Commission is responsible for the maintenance and operation of the airport.

   This report includes all funds which are controlled by the Commission. The Commission is financially independent and is responsible for its debts and is entitled to surpluses. No separate agency receives a financial benefit nor imposes a financial burden on the Commission.

b) Measurement Focus, Basis of Accounting and Financial Statement Presentation. The Greater Lafourche Port Commission uses proprietary fund accounting to report on its financial position and results of operations. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration.

   Proprietary fund statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheets. The operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating income reported in the financial statements includes revenues and expenses related to the primary, continuing operations of the Commission. Principal operating revenues are charges to tenants for rent and utilities in connection with the operation of the seaport and airport facilities. Principal operating expenses are lease payments to landowners, maintenance of port facilities, the costs of providing police patrols and protective services to tenants, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted revenues are available for use, the Commission's policy is to use restricted revenues first, then unrestricted revenues as they are needed.

Net assets are reported in three classifications as follows:

i. Invested in capital assets, net of related debt: This component of net assets consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The Commission has no debt attributable to its capital assets.

ii. Restricted net assets: This component of net assets consists of constraints imposed by creditors (such as through debt covenants), contributors, laws or regulations of other governments, or through constitutional provisions or enabling legislation. The Commission had no restricted net assets at December 31, 2011 or 2010.

iii. Unrestricted net assets: This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

c) Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

d) Budgetary Accounting. Budgetary practices include public notice of the proposed budgets, public inspection of the proposed budget and public hearings on the budgets. Budgets are prepared based on a flow of economic resources measurement focus as explained in note 1(d) above. Budgetary control is exercised at the fund level.

State law provides that when actual revenues within certain funds are failing to meet estimated annual budgeted revenues, and/or actual expenditures within certain funds are exceeding estimated budgeted expenditures by five percent or more, a budget amendment shall be adopted by the board in an open meeting.

Budgeted amounts included in the accompanying financial statements include original adopted budget amounts and all subsequent amendments. Amendments to the budget must be approved by the Board of Commissioners. Budget amounts which are not expended lapse at year end.

Encumbrance accounting is not utilized by the Commission.

e) Cash, Cash Equivalents and Investments. Cash and cash equivalents include amounts in demand deposit accounts and investments in the Louisiana Asset Management Pool (LAMP), which are stated at cost.

LAMP is administered by LAMP, Inc.; a not-for-profit corporation organized under the laws of the State of Louisiana, and is governed by a board of directors comprised of representatives from various local governments and state-wide professional organizations. Only local governments within Louisiana may have an investment interest in LAMP's pool of assets. The LAMP portfolio includes only securities and other obligations permitted as investments for local governments under state law. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

Louisiana state statutes, as stipulated in R.S. 39:1271, authorize the Commission to invest in United States bonds, treasury notes, or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana. The state statutes also authorize the Commission to invest in any other federally insured investment, or in mutual or trust fund institutions, which are registered with the Securities and Exchange Commission under the Security Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the United States government or its agencies. Investing is performed in accordance with investment policies complying with state statutes and those adopted by the Board of Commissioners.

Investments are stated at market value. Increases or decreases in the market value of investments are included as a component of investment income.

f) Receivables. All receivables are recorded at their gross value and, when appropriate, are reduced by the estimated portion that is expected to be uncollectible.

g) Prepaid Expenses. Payments made to vendors for services that will benefit periods beyond the current period are recorded as prepaid expenses.

h) Fixed Assets. Property constructed or acquired by purchase is stated at cost or estimated historical cost if actual historical cost is not available. General infrastructure assets acquired prior to January 1, 2004 consist of the road network and bridge assets that were acquired or that received substantial improvements subsequent to July 1, 1980 and are reported at estimated historical cost using deflated replacement cost. Net interest costs are capitalized on major construction projects during the construction period. No interest was incurred and capitalized for the years ended December 31, 2011 and 2010. Donated assets are valued at estimated fair value at the time of donation.

The costs of normal maintenance, dredging and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Improvements are capitalized and depreciated over the remaining useful lives of related fixed assets, as applicable.

Depreciation is computed using the straight-line method over the following useful lives:

Buildings and marine construction	10 to 40 years
Infrastructure roads	40 years
Infrastructure bridges	50 years
Machinery and equipment	5 to 10 years
Furniture and fixtures	5 to 20 years

i) Interest Receivable. Interest receivable on investments and time deposits is recorded as revenue in the year the interest is earned.

j) Ad Valorem Taxes and Revenue Sharing. Ad valorem taxes and the related state revenue sharing (which is based on population and homesteads in the parish) are recorded in the year the taxes are assessed except for taxes paid under protest which are recorded in the year available. Delinquent taxes considered to be uncollectible are not recorded as revenues, consequently, no allowance for uncollectible taxes is considered necessary.

Ad valorem taxes are assessed on a calendar year basis, become due November 15th of each year and become delinquent on December 31st. The taxes are generally collected in December of the current year.

The Commission's authorized and levied ad valorem tax millage rate for 2011 and 2010 was 6.84 mills. Total taxes levied for the years ended December 31, 2011 and 2010 were $3,190,106 and $3,186,5677 respectively.

State revenue sharing monies are generally received by the Commission on the 15th day of December in the year of determination and the 15th day of April and June of the subsequent year in equal installments.

k) Compensated Absences. The Commission employees accumulate unlimited amounts of annual and sick leave at varying rates as established by state regulations. Upon resignation or retirement, unused annual leave of up to 300 hours is paid to employees at the employee's current rate of pay. Upon retirement, annual leave in excess of 300 hours and unused sick leave is credited as earned service in computing retirement benefits.

At December 31, 2011 and 2010, $175,805 and $185,725, respectively, have been recorded as a long-term liability which represents that portion of estimated leave which will be taken or reimbursed after the balance sheet date.

l) Cash Flows Statement. All short-term investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the date of purchase, they have a maturity date no longer than three months.

2) Cash and Cash Equivalents

Cash and cash equivalents consist of the following at December 31:

	Carrying Amount	
	2011	2010
Cash and demand deposits	$ 43,882,122	$ 38,899,576
Units in Louisiana Asset Management Pool	141,525	2,140,206
Total cash and cash equivalents	$ 44,023,647	$ 41,039,782

Custodial credit risk for deposits is the risk that in the event of a failure of a depository institution, the Commission may not recover its deposits or the securities pledged as collateral by a third-party custodian. Commission policy and state law require all deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. The pledged securities are held in the name of the pledging bank in a custodial financial institution. While securities held in such a manner are considered uncollateralized (GASB Category 3), Louisiana law imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of notice by the Commission that the fiscal agent bank has failed to pay the deposited funds upon demand. At December 31, 2011, bank balances of $44,100,022 in excess of federal deposit insurance were secured by pledged securities held by the custodial bank in the name of the fiscal agent bank.

Units of the LAMP represent an undivided fractional interest in each of the securities held by the LAMP. Securities held by the LAMP include only debt securities issued, guaranteed or otherwise backed by the U.S. Treasury, the government of the United States, or an agency, enterprise or instrumentality thereof, and repurchase agreements collateralized by such securities.

3) Investments

Investments are carried at market value and include certificates of deposit with original maturities of three months or more. At December 31, 2011, the Commission had investments with maturities as follows:

Investment Type:	Fair Value	Maturities (in Years) Less Than 1	1 to 3
Certificates of Deposit	$ 900,000	$ 900,000	$ -
US Government Agency	2,000,000	-	2,000,000
	$ 2,900,000	$ 900,000	$ 2,000,000

Interest Rate Risk. The Commission's investment policy limits investment maturities to no more than three years as a means of managing its exposure to fair value losses resulting from rising interest rates.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Commission would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the Commission's $900,000 investment in Certificates of Deposit, $300,000 in excess of federal deposit insurance is secured by pledged securities held by the custodial bank but not in the name of the Commission. Even though the pledged securities are considered uncollateralized, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Commission that the fiscal agent has failed to pay deposited funds upon demand.

Concentrations of Credit Risk. The Commission places no limit on the amount it may invest in any one issuer. Investments of a single issuer representing more than 5 percent of the Commission's total investments at December 31, 2011 are as follows:

Investment Type	Issuer	%
Certificate of Deposit	South Lafourche Bank	14.0
Certificate of Deposit	State Bank & Trust	14.0
US Government Agency	Fannie Mae	69.0

4) Property, Plant, and Equipment

A summary of changes in property, plant, and equipment for the years ended December 31, 2011 and 2010 follows:

	Balance 12/31/2010	Additions	Deletions and Transfers	Balance 12/31/2011
Land	$ 3,833,752	$ -	$ -	$ 3,833,752
Buildings	5,980,439	2,496,845	74,225	8,403,059
Port facilities and improvements	144,377,030	18,484,222	-	162,861,252
Furniture and office equipment	493,600	278,147	9,643	762,104
Vehicles, boats, and field equipment	6,160,626	456,722	154,800	6,462,548
Construction in process	8,899,066	21,696,081	22,136,799	8,458,348
	169,744,513	43,412,017	22,375,467	190,781,063
Less accumulated depreciation	33,711,065	5,131,443	145,853	38,696,655
Totals	$ 136,033,448	$ 38,280,574	$ 22,229,614	$ 152,084,408

	Balance 12/31/2009	Additions	Deletions and Transfers	Balance 12/31/2010
Land	$ 3,857,752	$ -	$ 24,000	$ 3,833,752
Buildings	5,980,439	-	-	5,980,439
Port facilities and improvements	134,474,476	9,979,703	77,149	144,377,030
Furniture and office equipment	473,699	33,410	13,509	493,600
Vehicles, boats, and field equipment	4,682,048	1,535,909	57,331	6,160,626
Construction in process	6,854,113	13,479,568	11,434,615	8,899,066
	156,322,527	25,028,590	11,606,604	169,744,513
Less accumulated depreciation	29,513,991	4,254,993	57,919	33,711,065
Totals	$ 126,808,536	$ 20,773,597	$ 11,548,685	$ 136,033,448

Depreciation on fixed assets was $5,131,443 for the year ended December 31, 2011, of which $25,821 was capitalized and $5,105,622 was charged to expense, and $4,254,993 for the year ended December 31, 2010, of which $30,807 was capitalized and $4,224,186 was charged to expense.

5) Leases

The Commission leases the land on which Port Fourchon Industrial Park is built from four landowners under operating leases expiring in various years through 2056. The leases are structured to have a minimum amount of base rent with additional amounts payable as contingent rentals based on sublease rentals received by the Commission.

Minimum rental payments of approximately $291,037 and $267,108 were included in lease expense of $2,774,364 and $2,701,931 for the years ended December 31, 2011 and 2010, respectively.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of December 31, 2011 for each of the next five years are as follows:

Year Ending December 31,	Amount
2012	$ 302,063
2013	313,641
2014	325,797
2015	323,459
2016	216,403
Thereafter	1,701,774
Total minimum future rental payments	$ 3,183,137

Total minimum future rental payments have not been reduced by sublease rentals to be received in the future under non-cancelable subleases.

6) Port Lease Rentals

The Commission leases sites situated on Port Fourchon to businesses operating primarily in the oil and gas and seafood industries. The number of lessees as of December 31, 2011 and 2010 was ninety-nine and ninety-five, respectively. The Commission received 18% and 28% of its lease revenues from one lessee for the years ended December 31, 2011 and 2010, respectively. In general, lease contracts state that in each year of the primary term or any extended option term, rental payments to the Port shall escalate at rates varying from 2% to 5% of the rental paid in the preceding year, unless other arrangements are negotiated.

Based on existing leases at December 31, 2011, minimum lease rentals on non-cancelable leases to be received over the next five years are as follows:

Year Ending December 31,	Amount
2012	$ 6,277,847
2013	2,680,779
2014	2,483,630
2015	2,433,323
2016	2,402,041
Total	$ 16,277,620

7) Pension Plans

Nearly all full-time employees of the Greater Lafourche Port Commission participate in the Louisiana State Employees Retirement System (LASERS), a cost sharing multiple-employer public employee retirement system.

Plan Description: The LASERS provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits and disability benefits. Five years of service credit is required to become vested for survivor benefits. Benefits are established and amended by state statute. The LASERS issues a publicly available financial report that includes financial statements and required supplementary information for the LASERS. That report may be obtained by writing to the Louisiana State Employees' Retirement System, Post Office Box 44213 Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0600.

Funding Policy. Plan members are required to contribute a percentage of their annual covered salary and the Commission is required to contribute at an actuarially determined rate. Member contributions and employer contributions for the LASERS are established by state law and rates are established by the Public Retirement Systems' Actuarial Committee. The Commissions' employer contribution for the LASERS is funded through annual appropriations.

Contributions required and made to the LASERS were as follows:

Fiscal year ended December 31,	2011	2010	2009
Member contribution	9.5%	8.0%	8.0%
Employer contribution			
January - June	22.0%	18.6%	18.5%
July - December	25.6%	22.0%	18.6%
Member contribution	$ 149,821	$ 136,328	$ 140,325
Employer contribution	$ 421,556	$ 364,665	$ 343,544

One employee is a member of the Teachers' Retirement System of Louisiana (TRSL), a cost sharing multiple-employer public employee retirement system. The TRSL issues a publicly available financial report that includes financial statements and required supplementary information for the TRSL. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446. Employer contributions to the TRSL were $8,847 (20.2% and 23.7% of covered payroll from January through June and July through December, respectively) and employee contributions were $3,220 (8.0% of covered payroll) for the year ended December 31, 2011.

8) Non-cash Investing and Financing Activities

There were no non-cash investing and financing activities for the years ended December 31, 2011 and 2010.

9) Construction Commitments

At December 31, the Commission had the following commitments on construction and maintenance projects in progress:

2011

Project description	Estimated total cost	Costs incurred to date	Estimated % funded by other entities
Taxiway South Paving	$ 4,314,684	$ 637,399	83%
Martin Terminal Slip #1 Repairs	3,692,749	2,858,479	61%
NE Slip B Asphalt Ted Gisclair Rd (Phase 2)	1,072,920	1,072,920	71%
Nerby Collins Steel Bulkhead Repair	325,000	-	0%
Flotation Canal Rip Rap	1,378,670	1,378,670	70%
	$ 10,784,023	$ 5,947,468	

2010

Project description	Estimated total cost	Costs incurred to date	Estimated % funded by other entities
GA Connector Taxi Line	$ 447,010	$ 50,817	0%
Perimiter Fence at Airport	240,147	179,227	0%
Adam Ted Gisclair Road and Waterline	779,921	40,756	0%
NE Slip B 1,871' Bulkhead, Phase V	10,166,124	-	90%
NE Slip B 1,100' Dredging & Flotation Canal	4,496,306	2,955,463	23%
	$ 16,129,508	$ 3,226,263	

10) Risk Management

The Commission is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. To manage these risks, the Commission has obtained coverage from commercial insurance companies. During 2011 and 2010, there were no claims in excess of insurance coverage.

11) Extraordinary and Special Items

Special items consist of expenses incurred in connection with a cooperative endeavor agreement related to a state highway project. Extraordinary items consist of reimbursements and expenses related to the Deepwater Horizon/ BP oil spill incident and litigation on third-party construction issues.

12) Other Postemployment Benefits

Plan Description. The Greater Lafourche Port Commission's Group Insurance Plan extends postemployment medical and life insurance benefits to qualifying retirees through the Office of Group Benefits (OGB). Participants are eligible for retiree benefits if they meet the retirement eligibility as defined in the applicable retirement system and they must be covered by the active medical plan immediately prior to retirement. The postemployment benefits plan is an agent multiple-employer defined benefit OPEB plan. Louisiana Revised Statute (R.S.) 42:801-833 provides the authority to establish and amend benefit provisions of the plan. OGB does not issue a publicly available financial report; however, the entity in included in the Louisiana Comprehensive Annual Report.

Funding Policy. Beginning January 1, 2009, the Commission prospectively implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions* (GASB 45), which requires the liability for these benefits be accrued as they are earned by employees.

The contribution requirements of plan members and the Commission are established and may be amended by R.S. 42:801-883. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule. Contributions amounts vary depending on what healthcare provider is selected for the plan and if the member has Medicare coverage. OGB offers three standard plans for both active and retired employees: The Preferred Provider Organization (PPO) plan, the Exclusive Provider Organization (EPO) plan, and the Health Maintenance Organization

(HMO) plan. Retired employees who have Medicare Part A and Part B coverage also have access to two OGB Medicare Advantage plans – one HMO plan and one private fee-for-service (PFFS) plan, offered by two companies. Depending upon the plan selected, during the fiscal years ended December 31, 2011 and 2010, monthly employee premiums ranged from $152 to $454.

OGB also provides eligible retirees Basic Term Life, Basic Plus Supplemental Term Life and Employee Accidental Death and Dismemberment (AD&D) coverage, which is underwritten by The Prudential Insurance Company of America. The total premium is approximately $1 per thousand dollars of coverage of which the employer pays one half of the premium. Maximum coverage is capped at $50,000 with a reduction formula of 25% at age 65 and 50% at age 70, with AD&D coverage ceasing at age 70 for retirees.

Annual Required Contribution. The Commission's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year plus an amount necessary to amortize any unfunded actuarial liabilities over a period of thirty (30) years. A 30-year percentage of projected payroll amortization method with a closed amortization period has been used. The total ARC for the fiscal year beginning January 1, is set forth below:

	2011	2010
Normal cost	$ 454,308	$ 454,308
Interest cost	30,282	29,076
Amortization of UAL	242,084	242,084
Annual required contribution	$ 726,674	$ 725,468

Net Post Employment Benefit Obligation. The Commission's Net Other Post Employment Benefit (OPEB) Obligation for the fiscal year ended December 31, follows:

	2011	2010
Beginning net OPEB obligation	$ 1,356,850	$ 682,246
Annual required contribution	726,674	725,468
Contributions made (retiree premiums)	(53,040)	(50,864)
Ending net OPEB obligation	$ 2,030,484	$ 1,356,850

For the fiscal years ended December 31, 2011 and 2010, the Commission contributed 7.0% and 5.8%, respectively, of the OPEB cost using the pay-as-you-go method.

Funded Status and Funding Progress. Neither the Commission nor the State of Louisiana has established a benefit plan trust or made any contributions to this plan other than its current share of retiree premiums. At December 31, 2011, the plan has no assets and its funded ratio is zero. At July 1, 2008, the date of its most recent actuarial valuation, the Actuarial Accrued Liability (AAL) – the portion of the actuarial present value of post employment benefits not provided by normal cost – was $6,335,200. Since the plan has no assets, the entire AAL is unfunded. Covèred payroll of active plan members was $1,839,479 and the Unfunded AAL (UAAL) was 344% of covered payroll.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend rate. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2008 OGB actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return and an initial annual healthcare const trend rate of 9.5%, scaling down to an ultimate rate of 5% per year. The RP 2000 Mortality Table was used in making actuarial assumptions. Retirement rate assumptions differ by employment group and date of plan participation. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2011 is twenty-seven years.

13) Subsequent Events

Management evaluates events subsequent to the date of the financial statements in determining the accounting disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through June 18, 2012, the date the financial statements were available for issuance.

Required Supplementary Information
(Part II)

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
ENTERPRISE FUND
Year Ended December 31, 2011

	Budget Original	Budget Final	Actual	Variance with Final Budget Favorable (Unfavorable)
Operating revenues:				
Lease rentals	$ 20,229,368	$ 18,669,369	$ 17,959,431	$ (709,938)
Loading dock fees	503,000	503,000	486,117	(16,883)
Other	3,900	3,900	5,799	1,899
Total operating revenue	20,736,268	19,176,269	18,451,347	(724,922)
Operating expenses:				
Personnel services	4,507,532	4,507,532	4,230,679	276,853
Maintenance, supplies, and operation of facilities	2,138,601	2,138,601	1,949,290	189,311
Lease expense - Port Fourchon	2,717,157	2,421,054	2,774,364	(353,310)
Other operating expense	1,269,556	1,269,556	1,122,310	147,246
Depreciation and amortization	4,616,000	4,616,000	5,105,622	(489,622)
Total operating expenses	15,248,846	14,952,743	15,182,265	(229,522)
Operating income (loss)	5,487,422	4,223,526	3,269,082	(954,444)
Nonoperating revenues (expenses):				
Ad valorem taxes (net of tax assessor's settlement and pension fund)	2,638,297	2,638,297	2,932,951	294,654
Intergovernmental revenue:				
State revenue sharing	35,000	35,000	36,094	1,094
Noncapital grants	6,828,142	6,828,142	1,199,349	(5,628,793)
Investment income	105,000	105,000	156,009	51,009
Hurricane damage repairs	(10,107,542)	(10,107,521)	(1,467,696)	8,639,825
Gain (loss) on disposal of fixed assets	-	-	(55,975)	(55,975)
Other income (loss)	-	-	1,175	1,175
Net nonoperating revenues	(501,103)	(501,082)	2,801,907	3,302,989
Change in net assets before capital contributions, special, and extraordinary items	$ 4,986,319	$ 3,722,444	6,070,989	$ 2,348,545
Capital contributions			15,215,523	
Special items			(6,090)	
Extraordinary items			127,644	
Change in Net Assets			21,408,066	
Net Assets - beginning of year			161,741,770	
Net Assets - end of year			$ 183,149,836	

Greater Lafourche Port Commission
Schedule of Funding Progress
Postemployment Benefit Plan (OPEB)
For the Year Ended December 31, 2011

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2008	-	$ 6,335,200	$ 6,335,200	0%	$ 1,829,828	346%
July 1, 2009	-	$ 6,335,200	$ 6,335,200	0%	$ 1,839,479	344%
July 1, 2010	-	$ 6,335,200	$ 6,335,200	0%	$ 1,941,265	326%

Supplementary Information and Reports

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Schedule of Per Diems Paid Board Members

Year Ended December 31, 2011 and 2010

Board Member	2011	2010
Ervin J. Bruce	$ 10,500	$ 10,650
Harris Cheramie	10,800	10,800
Wilbert Collins	10,800	10,500
Perry Gisclair	10,800	10,800
Larry J. Griffin	9,750	10,800
Jimmy Guidry	10,800	10,800
Jimmy Lafont	10,800	10,800
John J. Melancon, Sr.	-	7,650
John J. Melancon, Jr.	10,800	1,050
Donald J. Vizier	10,800	10,800
	$ 95,850	$ 94,650

GREATER LAFOURCHE PORT COMMISSION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2011

Federal Granting Agency/Recipient State Agency/Grant Program	GRANT NUMBER	CFDA NUMBER	FEDERAL EXPENDITURES
DEPARTMENT OF COMMERCE			
Economic Development Administration			
Infrasturcture Improvements for Adam "Ted" Gisclair Roadway Project	08-01-04639	11.300	$ 1,584,857
Infrastructure Improvements for Martin Terminal #1 Slip Repairs	08-79-04435	11.307	1,934,948
Total Department of Commerce			3,519,805
FEDERAL AVIATION ADMINISTRATION, DEPARTMENT OF TRANSPORTATION			
Airport Improvement Program			
Taxiway South Paving	3-22-0067-012-2011	20.106	657,027
Pipeline & Hazardous Materials Safety Administration			
Pipeline Safety Awareness		20.721	46,954
Total Federal Aviation Administration, Department of Transportation			703,981
DEPARTMENT OF HOMELAND SECURITY			
Pass through payment from Governor's Office of Homeland Security and Emergency Preparedness			
Public Assistance Grants			
Various projects	various	97.036	1,054,661
Port Security Grant Programs			
Various projects	various	97.056	1,300,310
Total Department of Homeland Security			2,354,971
Total program expenditures			$ 6,578,757

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Greater Lafourche Port Commission, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts on this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

GREATER LAFOURCHE PORT COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2011

A) SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Greater Lafourche Port Commission.

2. No deficiencies relating to the audit of the financial statements are reported in the Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements in Accordance with Government Auditing Standards.

3. No instances of noncompliance material to the financial statements of the Greater Lafourche Port Commission were disclosed during the audit.

4. No deficiencies relating to the audit of the major federal award programs are reported in the Report Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.

5. The auditor's report on compliance for the major federal award program for the Greater Lafourche Port Commission expresses an unqualified opinion.

6. No findings relative to the major federal award program for the Greater Lafourche Port Commission are reported in Part C of this Schedule.

7. The programs tested as a major programs are:

Department of Commerce	
Investments for Public Works and Economic Development Facilities	CFDA# 11.300
Economic Adjustment Assistance	CFDA# 11.307
Department of Transportation	
Airport Improvement Program	CFDA# 20.106
Department of Homeland Security	
Public Assistance Grants	CFDA# 97.036

8. The threshold for distinguishing Types A and B programs was $300,000.

9. The Greater Lafourche Port Commission was determined to be a low-risk auditee.

B) FINDINGS – FINANCIAL STATEMENTS AUDIT

None.

C) FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Greater Lafourche Port Commission
Galliano, Louisiana

We have audited the financial statements of the Greater Lafourche Port Commission as of and for the years ended December 31, 2011 and 2010, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated June 18, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Greater Lafourche Port Commission, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Greater Lafourche Port Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Greater Lafourche Port Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Greater Lafourche Port Commission's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of control deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Commission's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

<u>Compliance and Other Matters</u>

As part of obtaining reasonable assurance about whether the Greater Lafourche Port Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of the Greater Lafourche Port Commission, the State of Louisiana and the Legislative Auditor for the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

June 18, 2012

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL AFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Greater Lafourche Port Commission
Galliano, Louisiana

Compliance

We have audited the compliance of the Greater Lafourche Port Commission with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the Greater Lafourche Port Commission major federal programs for the year ended December 31, 2011. The Greater Lafourche Port Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major program is the responsibility of the Greater Lafourche Port Commission's management. Our responsibility is to express an opinion on the Greater Lafourche Port Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Greater Lafourche Port commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide legal determination on the Greater Lafourche Port Commission's compliance with those requirements.

In our opinion, the Greater Lafourche Port Commission complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2011.

Internal Control Over Compliance

The management of the Greater Lafourche Port Commission is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Greater Lafourche Port Commission's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular 133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Greater Lafourche Port Commission's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over* compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information and use of the Greater Lafourche Port Commission, the State of Louisiana, the Legislative Auditor for the State of Louisiana, federal awarding agencies and pass-through entities, and is not to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

June 18, 2012

Lanaux & Felger

GREATER LAFOURCHE PORT COMMISSION
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2011

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

There were none reported for the year ended December 31, 2010.

SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

There were none reported for the year ended December 31, 2010.

SECTION III MANAGEMENT LETTER

No management letter was issued for the year ended December 31, 2010.

GREATER LAFOURCHE PORT COMMISSION
MANAGEMENT'S CORRECTIVE ACTION PLAN
For the Year Ended December 31, 2011

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENT

No findings were reported which require a response from management.

SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

No findings were reported which require a response from management.

SECTION III MANAGEMENT LETTER

No management letter was issued for the year ended December 31, 2011.